ADIA agrees $100m repo facility at COP28 with the Liquidity and Sustainability Facility (LSF) and Afreximbank to incentivise sustainability-linked investments in Africa

Abu Dhabi, UAE – 04 December 2023

The Abu Dhabi Investment Authority (ADIA) today announced that it has agreed a $100 million repo transaction with the Liquidity and Sustainability Facility (LSF) and the African Export-Import Bank (Afreximbank), within BNY Mellon’s Triparty Facility, to increase the liquidity of African Sovereign Eurobonds and incentivise Sustainable Development Goals (SDG)-related investments, such as green bonds, in Africa. An initial $50 million transaction related to a basket of seven African countries under the facility has been closed.

The LSF seeks to bring the benefits of a well-developed repo market to the African continent, with the goal of enhancing the liquidity of a diversified basket of Sovereign Eurobonds across 18 issuers.

The LSF’s objective is to contribute to addressing the gap in market participation for financing Africa’s international sovereign debt, indirectly helping to promote a more stable repo market on the African continent. The LSF has a special focus on green and SDG-linked issuance in maturities of up to 25 years.

Dhaen Al Hameli, Executive Director, Core Portfolio Department at ADIA, said: “ADIA is delighted to announce this transaction during COP28. We believe that this new facility will contribute to lowering funding costs across the region, and encourage our peers to support the African bond market. We are supportive of the LSF’s ultimate goal of increasing investment in African countries and their infrastructure, and incentivising SDG-related investments on the continent.”

Vera Songwe, Founder and Chairwoman of the LSF, said: “We are thrilled to announce this transaction in the context of COP 28. It is a privilege to work with such high-quality...”
counterparties towards our shared goal of transforming African capital markets and this is another concrete illustration of our commitment to help modernise the continent’s financial market infrastructure working with leading global institutions. Reducing the cost of funding is the only way Africa can accelerate its growth and fight climate change, this transaction is a step in that direction.”

David Escoffier, CEO of the LSF Secretariat, said: “With this strategic transaction, and others in the pipeline, we are pleased to play a part in strengthening Africa’s modern market infrastructures. This paves the way for lower borrowing costs and improved access to international markets for African Sovereign issuers.”

Prof. Benedict Okey Oramah, President and Chairman of the Board of Directors of African Export Import Bank, said: "We are very pleased to be part of this fully pan-African transaction that aims to enhance the liquidity of African Sovereign Eurobonds. Today, working together with high quality partners we are taking another step towards the development and strengthening of African financial markets, which is one of our key objectives since inception.”

Brian Ruane, CEO of Clearance & Collateral Management of BNY Mellon, said: "This trade moves closer to the goal of creating a well-functioning repo market and the potential to help improve to African economic prosperity. Robust market infrastructure solutions result in financial markets becoming more resilient, scalable and less exposed to systemic risks, which contributes to realizing new solutions that work beyond business and for society as a whole.”

The LSF is supported by USAID and Prosper Africa and was designed with the support of the United Nations Economic Commission for Africa.

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ABOUT ADIA

Established in 1976, the Abu Dhabi Investment Authority ("ADIA") is a globally-diversified investment institution that prudently invests funds on behalf of the Government of Abu Dhabi through a strategy focused on long-term value creation.

For more information:
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